
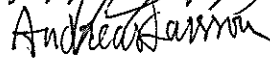


**REPORT FROM QUALITY SYSTEM AUDIT
PERFORMED BY AB SANDVIK MATERIALS
TECHNOLOGY**

Type: Supplier
No: Industeel 11.01
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Company/department audited Address	ArcelorMittal Industeel France (Industeel) Site du Creusot BP 19 71201 LE CREUSOT Cedex France
Audit date	2011-05-25;-26
Representatives of company/ department audited	Dr Mickaël Serriere, Method Department Manager David Cardamone Sales Manager Bernard Plumier, Planning/Logistics/Customer manager Annier Badey, Customer's Department
Lead Auditor Audit Team Member	Tommy Green, Quality, Lead Auditor Elziebeta Möller, Purchasing Marie-Louise Strömgren, Supply Chain
Product/service Sandvik QA requirements	Hot and Cold Rolled Plates ISO 9001:2008, Sandvik Spec 7-2-1299, Rev 8, (Rev 9)
Audit background (QA-manual, certificates, spec etc)	Industeel Quality Manual, IC/MMQ_ISO 19/04/2011, Revision 1
Areas audited	All applicable clauses in ISO 9001:2008
Result, summary	From a Quality Assurance standpoint Industeel, is approved as supplier to Sandvik to the requirements of ISO 9001.
Nonconformities and Observations	2 findings, 1 Observation (Industeel), 4 observations (Sandvik)
Report issued by, date	Tommy Green  2011-06-14
Report approved by date	Andreas Larsson  2011-06-21

Distribution:	ArcelorMittal Industeel Sandvik/ U Rodling Sandvik/ A Larsson Sandvik/ I Fjällström	Sandvik/ E Möller Sandvik/ M_L Strömgren
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1. General

Industeel has a 3rd-party approval by DNV, according to the standard of quality management system ISO 9001:2008. (Cert No.97716-2011-AQ-FRA-COFRAC, valid until June 02 2014)

Industeel is an ASME QCS-holder, (Material organization), Certificate number: QSC-400-1, Expires: March 3, 2013
(Industeel Quality Assurance Manual Edition 12, Revision 0)

Environment, Health and Safety

Industeel has a 3rd-party approval by LRQA, according to the standard of environment system ISO 14001:2004. (Cert No. FQA 9912049, valid until June 06 2013)

Industeel plans to be approved by LRQA, according to the standard of occupational health and safety management system OHSAS 18001, during 2011.

2. Audit

This audit is based on the following circumstances:

-Sandvik Specification 7-2-1299, Revision 8, (Revision 9 was discussed during the audit)

-Sandvik order 1440500-9, 240192-0

-Industeel material certificate: Plate certificates: 2011-303690, 2011-303693, 1305343 02c (plate 23573), Heat certificates: K1363, N2269

-Industeel Quality Manual, IC/MMQ_ISO 19/04/2011, Revision 1

Checklists covering ISO 9001:2008 (applicable parts), were used to support this audit.

3. Present status and suggested actions**Status**

From a QA standpoint Industeel, is an approved supplier, to the requirements of ISO 9001:2008.

4. Follow up of previous audit 2005-06-20

Identity	Observation	Status
1/05	All chemical composition requirements are not transferred to the steel works. (Al Min and Bi Max)	Industeel heat certificates K1363 and N2269 states all Sandvik chemical composition requirements. Closed.

5. Audit Summary:

Para.	Subject	S	N/S	N/E	N/A	Remark
4	<i>Quality Management system</i>					
4.1	General requirements	X				
4.2	Documents requirements		X			
5	<i>Management responsibility</i>	X				
5.1	Management commitment	X				
5.2	Customer focus	X				
5.3	Quality Policy			X		
5.4	Planning	X				
5.5	Responsibility, authority and communication	X				
5.6	Management review			X		
6	<i>Resource management</i>					
6.1	Provisions of resources			X		
6.2	Human resources	X				
6.3	Infrastructure	X				
6.4	Work environment	X				
7	<i>Product realization</i>					
7.1	Planning of product realization	X				
7.2	Customer-related process	X				
7.3	Design and development			X		
7.4	Purchasing	X				
7.5	Production and service provision		X			
7.6	Control of monitoring and measuring devices	X				
8	<i>Measurement, analysis and improvement</i>					
8.1	General	X				
8.2	Monitoring and measurement	X				
8.3	Control of nonconforming product	X				
8.4	Analysis of data			X		
8.5	Improvement			X		

S=Satisfactory, N/S= Not Satisfactory, N/E=Not Evaluated, N/A=Non Applicable

6. Observation and finding to be address by Industeel and Sandvik.:

Purchasing	Cold rolling to 4 mm thickness is subcontracted to VDM, Germany. Final inspection is done at Industeel. VDM is according to Industeel system a Class A supplier, which means that they shall be audited VDM is planned to be audited during 2011.
Specification	Revision 9 of Sandvik specification 7-2-1299 was reviewed by Industeel during the audit. Observation 1/11: (Sandvik) During the audit it became obviously that a new revision of the specification has to be issued.
Radioactivity test	Industeel performs radioactivity test during several steps during process the material.
Annealing	Annealing department was visited during the audit. Annealing procedure, annealing records, calibration procedures, calibration records and procedure for handling non-conformance were reviewed. All documents ware in a very good order. Observation 2/11: (Sandvik) Annealing is not done according to Sandvik's specification. Instead of a holding time of 20-20 minutes, holding time is 2 minutes per mm thickness and instead of rapid air cooling, water quenching by immersion is performed. That the plates are water quenched is also stated on Industeel's certificates. Industeel annealing procedure is accepted by Sandvik. Sandvik specification should be revised according to actual annealing procedure.
Chemical composition	The minor changes regarding chemical composition in revision 9 of Sandvik specification were accepted by Industeel.
Inspection, testing	Industeel's system for test planning was reviewed during the audit. Test house and department for final inspection were visited. No deviation was found.

Grade check	Grade check is done with spectroscope at inspection department.
Marking	Finding 1/11: (Industeel) According to Industeel marking procedure CM 64, the plates are marked "ASME Code Case 2295-2". Valid revision of the code case is Code case 2295-3.
	Observation 3/11: (Sandvik) Sandvik requirements regarding marking in specification 7-2-1299 should be extended with that the plates should also be marked with order number, plate number, heat number and lot number. The requirement that the plates shall be marked with ASTM specification is inconsistent.
	Observation 4/11: (Sandvik) Industeel sends heat certificate (with chemical analyse) in advance to Sandvik. These certificates have great value for Sandvik but there are no stated requirements in Sandvik specification or order.
Material certificate	Finding 2/11: (Industeel) Sandvik requirements regarding content on certificate is not considered (i.e. reference to Code case, ASME specifications and ISO 9001 certification).
	Observation 5/11: (Industeel) Industeel certificate 2011-303690, Rev 00, states "Water solution annealed". This phrase is technical incorrect.